



Young Investors: Turn a \$27K TFSA Into a \$1.12 Million Retirement Hoard

Description

Hello, Fools. I'm back to highlight three attractive small-cap stocks. As a reminder, I do this because companies with a market cap under \$2 billion have much more room to grow than [larger more established "blue chips"](#) and are largely ignored by professional analysts.

If you want to turn an [average \\$27K TFSA](#) into a million bucks in 20 years, you'll need an annual return of at least 20% to do it. So while small-cap stocks tend to be on the volatile side, the upside return potential is often well worth the risk.

Without further ado, let's get to it.

Walk the wire

Leading off our list is communications technologist **Sierra Wireless** ([TSX:SW](#))([Nasdaq:SWIR](#)), which currently sports a market cap of about \$605 million.

Sierra is widely considered a leading play on the "Internet of Things" (IoT), but recent losses have weighed on the stock. In the most recent quarter, Sierra posted a loss of \$0.9 million as revenue dropped 7% to \$173.8 million.

On the bright side, IoT Solutions revenue improved 5.4% while the company's cash hoard stood at \$74.1 million at quarter's end, suggesting that Sierra remains relatively healthy.

"We are making good progress driving improved efficiency throughout our operations to accelerate our transformation into a leading global IoT solutions provider," said President and CEO Kent Thexton.

Sierra shares are down 21% over the past year.

For sale

With a market cap of \$1.6 billion, gold company **IAMGOLD** ([TSX:IMG](#))([NYSE:IAG](#)) is next on our list.

The company has underperformed due to issues at its key Westwood mine, but now might be a good opportunity to pounce. While Q1 sales fell 19% year-over-year, management maintained its full-year production guidance of 810K-870K attributable ounces and all-in sustaining costs of \$1,030-\$1,080 per ounce sold.

Moreover, rumors continue to swirl that management is exploring a potential sale of all or part of the company, providing some juicy short-term upside to the shares.

“Despite a challenging first quarter, we are driving towards achieving a self-funded, self-sustaining operating model,” said President and CEO Steve Letwin.

IAMGOLD shares are down a significant 52% over the past year.

Heavy metal

Rounding out our list is steel company **Russel Metals** ([TSX:RUS](#)), which currently has a market cap of \$1.3 billion.

The stock has been pressured over the past year on trade-related uncertainty with the U.S., but things are starting to look brighter for Russel.

First, steel tariffs have been lifted. And second, operations seem to be humming. In Q1, EPS of \$0.55 topped expectations by \$0.11, revenue increased 10.6% to \$1.03 billion, and free cash flow clocked in at \$58 million.

“We are pleased with the solid results achieved during the first quarter of 2019 and want to commend our team for their efforts in a tightening market,” said President and CEO John Reid.

Russel shares are off 24% over the past year.

The bottom line

There you have it, Fools: three attractive mighty mouse stocks worth checking out.

As always, they aren’t formal recommendations. Instead, view them as a starting point for more research. Small-caps carry more risk than the average stock on the TSX Index, so extra caution is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:IAG (IAMGOLD Corporation)
3. TSX:IMG (IAMGOLD Corporation)
4. TSX:RUS (Russel Metals)
5. TSX:SW (Sierra Wireless)

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